

News Release

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Program Announcement

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USDA ANNOUNCES PREVAILING WORLD MARKET PRICE AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

WASHINGTON, October 2, 1997 -- Keith Kelly, executive vice president of USDA's Commodity Credit Corporation, today announced the prevailing world market prices, adjusted to U.S. quality and location (adjusted world price or AWP), for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality), and the coarse count adjustments (CCA) in effect from 5:00 p.m. today through 3:59 p.m. Thursday, October 9. The user marketing certificate (Step 2) payment rate announced today is in effect from 12:01 a.m. Friday, October 3 through midnight Thursday, October 9.

The Federal Agriculture Improvement and Reform Act of 1996 provides that the AWP may be further adjusted if: 1) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and 2) the USNE price exceeds the NE price. Because this week's calculated AWP exceeds 115 percent of the 1996 upland cotton base quality loan rate, a further adjustment cannot be made.

This week's AWP and CCA are determined as follows:

Adjusted World Price

NE Price	78.82
Adjustments:	
Avg. U.S. spot market location	12.19
SLM 1-1/16 inch cotton	1.90
Avg. U.S. location	0.14
Sum of Adjustments	- 14.23
ADJUSTED WORLD PRICE	64.59 cents/lb.

Coarse Count Adjustment

NE Price	78.82
NE Coarse Count Price	-74.27
	4.55
Adjustment to SLM 1-1/32 inch cotton	- 3.70
COARSE COUNT ADJUSTMENT	0.85 cents/lb.

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Because the AWP for the period exceeds 51.92 cents per pound which is the base quality loan rate, the loan repayment rate during this period is equal to the loan rate, adjusted for the specific quality and location plus applicable interest and storage charges.

Step 2 payments are provided this week because, for four consecutive weeks, the USNE price has exceeded the NE price by more than 1.25 cents per pound and the AWP has not exceeded 130 percent of the loan rate for upland cotton. Relevant data for the Step 2 program follow:

Week	Fri/Thur Period Ending	AWP as % of 1997 Loan Rate 1/	USNE Price	NE Price	USNE Less NE Price	Step 2 Rate
		 cents/lb			
1	09/11/97	125.9	82.30	79.58	2.72	1.47
2	09/18/97	125.8	82.50	79.56	2.94	1.69
3	09/25/97	125.4	82.75	79.35	3.40	2.15
4	10/02/97	124.4	81.90	78.82	3.08	1.83

1/ The marketing year 1997 loan rate is 51.92 cents per pound.

Next week's AWP, CCA and user marketing certificate payment rate will be announced on Thursday, October 9 at 5 p.m.

Further program information is available from Wayne Bjorlie,
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